



CWDA

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**To:** County Welfare Directors Association of California

**From:** Tom Joseph, Director, CWDA Washington, D.C. Office

**Date:** February 14, 2011

**Re:** Federal Budget Updates: The Administration's FFY 2012 Proposals and FFY 2011 Continuing Spending Resolution

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**Overview:** The Obama Administration has released its proposed \$3.7 trillion budget for Federal Fiscal Year (FFY) 2012. It projects another massive budget deficit of \$1.1 trillion next year. The budget proposal contains a five year freeze on discretionary spending overall, with cuts made to programs deemed less effective or not a priority.

The Administration's budget serves as a starting point for the FFY 2012 appropriations and policy process. Over the coming months, Congress will accept, modify or reject the proposals. House Republicans are likely to reject any proposed increases and will consider proposed cuts as the starting point from which to cut even more.

Of more immediate concern, however, is legislation to continue FFY 2010 funding for federal programs and agencies after March 4 when the current temporary continuing spending resolution expires. (See the bottom of page 5 of this memo for an update on the very fluid legislative process to continue current federal funding after March 4, 2011.)

Below is a summary of some of the policy and spending proposals the Administration submitted today. Further details and clarifications will be made available to CWDA as they become known.

For additional detail, HHS has released a summary document which may be found at: <http://www.hhs.gov/about/FY2012budget/fy2012bib.pdf>

**Human Services and Health Budget Proposals**

President Obama's health and human services budget proposals include:

**HUMAN SERVICES**

**Temporary Assistance for Needy Families (TANF):** The Administration proposes the following when Congress contemplates a TANF reauthorization bill. No more detail is

available at this point:

*When TANF reauthorization is considered, the Administration would be interested in exploring with Congress a variety of strategies to strengthen the program's ability to improve outcomes for families and children, including helping more parents succeed as workers by building on the recent successes with subsidized employment, using performance indicators to drive program improvement; and preparing the program to respond more effectively in the event of a future economic downturn. (HHS 2012 Budget in Brief, p. 95)*

The HHS budget also includes a box highlighting the TANF Emergency Fund:

**Recovery Act's TANF Emergency Contingency Fund Supports Subsidized Employment**

*During FY 2009 and FY 2010, ACF awarded \$5 billion to States, Territories and Tribes for increases in subsidized employment, basic assistance expenditures, and short-term non-recurrent benefits. Of these funds, \$1.3 billion was awarded for subsidized employment to support a wide range of employment programs, including transitional jobs, summer job programs for low-income youth, and supported work programs for individuals with disabilities or other barriers to employment. (HHS 2012 Budget in Brief, p. 95)*

**Fatherhood Programs:** The Administration did not resubmit last year's proposal for a new \$500 million mandatory fund for competitive grants to states for fatherhood programs.

**Foster Care:** The Administration proposes a new initiative of \$250 million in incentive-based funds to make improvements in foster care by:

- Creating financial incentives to improve child outcomes in key areas by reducing the length of stay in foster care; increasing permanency through reunification, adoption, and guardianship; decreasing rates of maltreatment recurrence and any maltreatment while in foster care; and reducing rates of re-entry into foster care.
- Improving the well-being of children and youth in the foster care system, transitioning to permanent homes, or transitioning to adulthood.
- Reducing costly and unnecessary administrative requirements, while retaining the focus on children in need.
- Using the best available research available on child welfare policies and interventions to help States achieve further declines in the number of children who need to enter or remain in foster care, to better reach families with more complex needs, and to improve outcomes for children who are abused, neglected or at risk of abuse or neglect.
- Expanding our evidence base by allowing demonstrations that enable States to test innovative strategies that improve outcomes for children and reward States for efficient use of Federal and State resources.

**Foster Care/Subsidized Guardianship:** The FFY 2012 proposed budget includes \$80 million for the Guardianship Assistance program, an increase of \$48 million above FFY 2011 reflecting an increase in the number of children participating. It estimates an average of 13,900 children will participate per month, an increase of 7,900 over FFY 2011.

**Promoting Safe And Stable Families (PSSF):** Compared to the FFY 2011 request of \$388 million overall, the Administration proposes to increase funding for PSSF to \$443 million, including \$380 million in entitlement funding, to ensure continued support for a variety of important State child welfare activities, including family preservation services, community-based family support services, time-limited reunification services, and adoption promotion and support.

**Foster Youth Independent Living Program:** The Administration proposes to freeze funding at \$140 million for the Chafee Foster Care Independence program. It has been funded at that level for a number of years.

**Social Services Block Grant:** The Administration proposes to fund Title XX at \$1.7 billion, the same level appropriated for a number of years.

**Community Services Block Grant:** Previously announced, the Administration proposes to cut CSBG funding in half, to \$350 million. Program funding would be distributed to Community Action Agencies on a competitive basis.

**Low Income Home Energy Assistance Program (LIHEAP):** As announced last week, the basic LIHEAP block grant would cut by nearly 50 percent to the FFY 2008 level of \$2.57 billion, down from the recession-induced level of \$5.1 billion in FFY 2010.

**Child Support:** The Administration did not renew its proposal to extend the ability of states and counties to use as federal match the earned performance incentive funds. It does, however, include a \$300 million temporary increase in the amount of incentive payments available to be drawn down based on performance.

The Administration also proposes to provide incentives aimed at encouraging the pass through of all current monthly child support collections to TANF families.

**Head Start:** The Administration requests \$8.1 billion for Head Start. The funding level would continue to serve the same number of children the number served in FY 2010.

**Child Care:** The Administration is requesting large increases in child care. The FFY 2012 Administration request for the Child Care and Development Block Grant (CCDBG) is \$2.9 billion -- an increase of \$800 million. The request also includes \$3.4 billion for the Child Care Entitlement to States (CCE), an increase of \$500 million over last year. The Administration's proposal supports a set of quality reforms in child care.

According to the budget document:

*These changes would be effectuated through reauthorization of the CCDBG and CCE programs. The Administration's principles for reauthorization include serving more low-income children in safe, healthy, and nurturing child care settings that are highly effective in promoting early learning; supporting parental employment and choice by providing information on quality; promoting continuity of care;*

*strengthening program integrity and accountability; and streamlining across the spectrum of early childhood programs. These reforms, along with investments in the Early Learning Challenge Fund and Head Start, are key elements of the Administration's broader education agenda designed to help every child reach his or her academic potential and improve our Nation's competitiveness.*

**Older American's Act Programs:** The Administration proposes a 13 percent increase, to \$416 million, for home and community based services. All other OAA programs would be essentially funded at last year's levels.

## **HEALTH PROGRAMS**

**Medicaid:** Similar to last year's budget, there are very few legislative and no apparent regulatory changes proposed for Medicaid. There is a proposal in the long term (beginning in FFY 2021) to again reduce funding for the disproportionate share payment program to hospitals serving large numbers of the uninsured and Medicaid individuals. This budget strategy merely continues the savings that would otherwise expire under the Affordable Care Act.

**Mental Health:** The Mental Health Block Grant would receive a \$14 million increase to \$435 million in FFY 2012. Funding has remained at that level for many years. Children's mental health would be frozen at the FFY 2010 level of \$121 million.

**Substance Abuse Treatment:** The federal block grant would be essentially frozen at last year's level of \$1.9 billion.

## **FOOD ASSISTANCE**

The link to the USDA budget may be found here:  
<http://www.obpa.usda.gov/budsum/FY12budsum.pdf>

**Supplemental Nutrition Assistance Program (SNAP).** For FFY 2012, the Administration budget anticipates SNAP participation leveling out at 45 million in 2011 and declining slightly in 2012.

The Administration proposes to restore the SNAP benefit cuts included in the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296), which accelerated the sunset date of SNAP Recovery Act benefits to Oct. 31, 2013. This proposal would revert the sunset date back to March 31, 2014 - the date these benefits would have expired prior to the enactment of that law.

The Administration also proposes to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year for a one-time cost of \$92 million.

It appears that the Administration has dropped last year's proposal to establish a national asset limit floor across means-tested human services, food, and cash assistance programs. It also appears to have withdrawn its proposal to raise current SNAP asset limits to \$10,000 from \$2,000 per household, or \$3,000 for households including an elderly or disabled member.

## **EMPLOYMENT & TRAINING**

The link to the Department of Labor budget in brief is here:  
<http://www.dol.gov/dol/budget/2012/PDF/FY2012BIB.pdf>

**Workforce Investment Act:** Overall Workforce Investment Act (WIA) adult employment and training funding would be frozen at \$860 million, close to the FFY 2010 level.

The FFY 2012 budget request includes last year's proposal to carve out funding from the adult, dislocated and youth employment and training programs to initiate a \$295 million Workforce Innovation Fund (WIF), to test reforms that would 'reinvigorate the workforce development system to meet the contemporary job training and education needs of workers...'. WIF grants would be awarded competitively through solicitations for grant applications to states or localities to demonstrate promising new ideas and to replicate proven practices.

The Administration requests essentially the same level of funding (\$1.403 billion) for the WIA Dislocated Worker program, of which \$1.08 billion would support formula grants to States and localities, \$230 million would fund emergency grants and \$93 million would be reserved for the Workforce Innovation Fund.

The budget includes \$923 million for youth, which is the same level as last year. Eight percent of the funding would be targeted to the Workforce Innovation Fund.

## **CONGRESSIONAL BUDGET PROCESS**

The congressional budget process begins with the Administration's budget proposals. Over the next few weeks, House and Senate committees will hold hearings on the proposals. At those hearings, Administration officials will provide additional detail on their initiatives.

Later this spring, the House and Senate Budget Committees will draft their respective FFY 2012 budget resolutions. Those resolutions are typically very general in nature. The resolution provides broad spending amounts for various functions of the federal budget. Once the House and Senate resolve any differences between their resolutions, the appropriations committees work with the broad allocations and begin to divide and distribute the allocations among all of the various federal departments and programs. While the budget resolution itself does not have the force of law, it serves as a blueprint for the congressional appropriators to follow throughout the year.

While there are internal deadlines for completing the entire appropriations process before the end of the federal fiscal year on September 30, the actual appropriations process is typically not completed until Congress adjourns for the year.

## **EXTENDING CURRENT FFY 2011 APPROPRIATIONS PAST MARCH 4**

Facing a revolt from some conservatives of the 170 member Republican Study Committee, the House Republican leadership last week directed the House Appropriations Committee to make even deeper cuts to a pending continuing appropriations resolution (CR) which would extend federal spending through September 30, 2011.

The bill will likely come to the House floor this week. The House's CR would cut spending by \$100 billion compared to what President Obama requested for the current FFY, a 33 percent increase over the original \$74 billion in cuts announced earlier in the week. The \$100 billion figure was touted in the Republican's 2010 campaign agenda. It would be applied, however, to the last seven months of the FFY, despite the fact that the cut initially was for a full year.

There is likely to be another short-term CR because there is not enough time before March 4 for the House to pass its package and to work out a compromise with the Senate. Leadership of the Democratic-controlled Senate views the House cuts as extreme.

Compared to other portions of the domestic discretionary budget, Labor-HHS programs would not be cut as deeply. There are, however, some programs that the House Republicans have targeted for significant cuts. They are:

- Job Training - \$2 billion
- Community Health Centers - \$1.3 billion
- Maternal and Child Health Block Grant - \$210 million
- Substance Abuse and Mental Health Services - \$96 million
- LIHEAP Contingency fund - \$400 million
- Community Services Block Grant - \$405 million

The widening rift between House Republicans and Senate Democrats raises the prospect that they will be unable to reach agreement on a CR anytime soon. Instead, they will either have to rely on a series of short-term extensions, or, in the event of a total impasse, the government could shut down as it did in 1995.

Sometime in March, Congress will also have to act to raise the federal debt ceiling in order to enable the government to continue to raise funds to pay for operations. Many Tea Party-backed members have vowed to vote against increasing the debt ceiling. Without an increase, the U.S government would default on its obligations. House Republican leadership have vowed that they would avoid that scenario, but would want additional budget cuts included in the debt ceiling bill.